

Message Text

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16

ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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P 080706Z JUL 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC PRIORITY 6106

INFO USMISSION GENEVA PRIORITY

AMEMBASSY WELLINGTON PRIORITY

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FOR EB/OT AND STR

E.O. 11652: NA

TAGS: GATT, ETRD, AS, NZ

SUBJ: JULY 11 GATT COUNCIL: NAFTA BIENNIAL REPORT

REF: A. GENEVA 5034

B. CANBERRA 4308

C. WELLINGTON 1873

1. EMBASSY HAS OBTAINED FROM AUSTRALIAN DEPT OVERSEAS
TRADE (DOT) INFORMAL COPY OF GATT DOCUMENT L/4192 ON
NAFTA. ALTHOUGH DOCUMENT CONTAINS NO REAL SURPRISES,
WE NOTE THAT , ACCORDING TO DATA INCLUDED ON "GROWTH IN
SCHEDULE A TRADE", SHARE OF TWO-WAY TRADE INCLUDED IN
SCHEDULE A ACTUALLY DECLINED FROM 52.6 PCT. IN 1972 TO
49 PCT. IN 1973, ALTHOUGH IT HAS AGAIN RISEN TO 53.7 PCT.
IN 1974. IT THEREFORE CLEAR THAT AUSTRALIANS AND NEW
ZEALANDERS WILL BE HARD-PRESSED TO SHOW SIGNIFICANT
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PROGRESS SINCE LAST BIENNIAL.

2. IN BRIEF DISCUSSION WITH DESK-LEVEL DOT OFFICIALS WE GATHERED THAT AUSTRALIANS ARE LIKELY TO TAKE POSITION THAT SLOW PROGRESS HAS BEEN DUE TO DOWNTURN AFFECTING ECONOMIES OF BOTH COUNTRIES. PARTICULARLY INVOLVED HAVE BEEN SOME ITEMS OF IMPORTANCE TO NAFTA -- CARPETS, WHITEGOODS, AND MOTOR VEHICLES. AUSTRALIANS EXPRESSED HOPE ECONOMY WAS BEGINNING TO COME OUT OF DECLINE AND THAT IT WOULD BE POSSIBLE TO ACCELERATE PROGRESS ON NAFTA SOON. THEY NOTED THAT TEN-YEAR BILATERAL REVIEW OF AGREEMENT DUE TO BEGIN SHORTLY AND THAT PREPARATORY STUDIES WERE UNDERWAY BOTH WITHIN AND OUTSIDE OF GOVERNMENT. ALTHOUGH NAFTA MIGHT BE CHANGED IN THIS PROCESS, THERE WAS CERTAINLY NO INTENTION OF "THROWING IT OUT THE WINDOW."

3. IN THIS CONNECTION AUSTRALIAN PRESS HAS THIS WEEK REPORTED STATEMENT ATTRIBUTED TO NEW ZEALAND TRADE AND INDUSTRY MINISTER EXPRESSING DISAPPOINTMENT OVER AUSTRALIAN RESISTANCE TO BROADENING OF NAFTA ARRANGEMENTS AND STATING NEW ZEALAND MIGHT CONSIDER WITHDRAWING FROM AGREEMENT UNLESS AUSTRALIAN PERFORMANCE IMPROVED. ACCOMPANYING EDITORIAL IN "THE AUSTRALIAN" DAILY PAPER COMMENTS SYMPATHETICALLY ON REPORTED NEW ZEALAND DISENCHANTMENT WITH NAFTA AND CRITICIZES BOTH GOVERNMENTS FOR ALLOWING POLITICAL REASONS TO PLACE SHARP LIMITS ON LOGICAL EXTENSION OF FREE TRADE. EMBASSY WELLINGTON WILL BE IN BETTER POSITION TO CONFIRM EXACT CONTENT OF REPORTED NEW ZEALAND STATEMENT, AND ASSESS PROBABLE SIGNIFICANCE.

4. GOA OFFICIALS WITH WHOM WE DISCUSSED MATTER VOLUNTEERED THEY WOULD BE INTERESTED IN KNOWING IN ADVANCE OF JULY 11 GATT COUNCIL MEETING WHAT AREAS WILL BE OF SPECIAL CONCERN TO U.S. DEL DURING REVIEW.

5. ACTION REQUESTED: EMBASSY REQUESTS PROMPT RESPONSE TO REF (B). FOR MAXIMUM VALUE, WE SHOULD HAVE RESPONSE NLT COB WEDNESDAY JULY 9 WASHINGTON TIME.
GREEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANNUAL REPORTS, TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER04436
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750234-1170
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750774/aaaacoag.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GENEVA 5034
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by ElyME>; APPROVED <03 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JULY 11 GATT COUNCIL: NAFTA BIENNIAL REPORT
TAGS: ETRD, AS, NZ, GATT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006